

Message Text

UNCLASSIFIED

PAGE 01 TEHRAN 02277 141338Z
ACTION XMB-04

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 TRSE-00 OMB-01
AID-05 CIAE-00 INR-07 NSAE-00 OPIC-06 /042 W
-----141349Z 023410 /45
R 141212Z MAR 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 1613

UNCLAS TEHRAN 2277

PLEASE PASS EXIMBANK

E.O.11652: N/A
TAGS: BPRO, EFIN, IR
SUBJ: FCIA CREDIT INSURANCE: J.G.WHITE/HOUSING
ORGANIZATION OF GOVERNMENT OF IRAN

REF: STATE 042798

1. SUMMARY: EMBASSY BELIEVES PROBLEM OF GOVERNMENT
GUARANTEE LIES NOT WITH THE BONA FIDES OF THE HOUSING
ORGANIZATION BUT IN THE DISTINCTION WHICH THE GOI MAKES
BETWEEN INVESTMENT PROJECTS AND SERVICE CONTRACTS. THIS
DISTINCTION HAS BEEN THE SUBJECT OF EXTENSIVE DISCUSSION
OVER THE PAST SEVERAL YEARS BY THE OVERSEAS PRIVATE IN-
VESTMENT CORPORATION (OPIC). END SUMMARY.

2. RE APPLICATION FOR FCIA CREDIT INSURANCE COVERING
\$3.5 MILLION CONTRACT WITH HOUSING ORGANIZATION, J.G.
WHITE REPRESIDENT IRAN TOLD EMBOFF THAT COMPANY STATE-
MENT TO EXIM THAT MINECONAFFAIRS/FIN GUARANTEE NOT
AVAILABLE FOR THIS TRANSACTION WAS BASED ON STATEMENT
WHICH FIRM'S IRANIAN LEGAL COUNSEL MADE TO COMPANY
DIRECTOR. J.G. WHITE AND LAWYER HAVE NOT REPEAT NOT
APPLIED DIRECTLY TO CENTRAL BANK OR MINISTRY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEHRAN 02277 141338Z

3. HOUSING ORGANIZATION IS WHOLLY GOVERNMENT-OWNED
ELEMENT OF THE MINISTRY OF HOUSING AND URBAN PLANNING,
WITH A MANAGING DIRECTOR WHO OPERATES INDEPENDENTLY ON
A DAILY BASIS BUT IS ULTIMATELY RESPONSIBLE TO THE
MINISTER OF HOUSING. THE HOUSING ORGANIZATION IS AN
IMPLEMENTING ARM OF THE MINISTRY WHICH, WITH THE EXCEP-
TION OF A FEW PILOT HOUSING PROJECTS, DOES NOT GENERALLY

CONTRACT OUT DIRECTLY FOR PROJECTS. HOUSING ORGANIZATION MANDATE INCLUDES ERECTION OF HOUSING UNITS, DEVELOPMENT OF NEW TOWNS AND STIMULATING OF JOINT MANUFACTURING VENTURES IN INDUSTRIALIZED HOUSING. THE HOUSING ORGANIZATION IS FUNDED DIRECTLY BY THE GOVERNMENT AND MINECONAFFAIRS/ FINANCE WOULD PRESUMABLY BE APPROPRIATE ULTIMATE GUARANTOR.

4. J.G. WHITE CONTRACT IS FOR CONSULTING, DESIGN AND CONSTRUCTION MANAGEMENT SERVICES FOR PARTIAL SEGMENT OF LAVIZAN NEW TOWN PROJECT NORTHEAST TEHRAN. INTENTION IS TO USE INDUSTRIALIZED HOUSING FOR SECTION J.G. WHITE DESIGNING, BUT SYSTEM OR SUPPLIER NOT YET FINALLY DECIDED.

5. THE GOI INTERPRETS THE 1957 AGREEMENT DISCUSSING ISSUANCE OF IRANIAN GOVERNMENT APPROVAL OF PROJECTS FOR PURPOSES OF ISSUING VARIOUS TYPES OF OPIC INSURANCE AS APPLICABLE ONLY TO INVESTMENT PROJECTS. GOI HAS DECLINED TO ISSUE IN WRITING AGREEMENT THAT SERVICE CONTRACT MAY ALSO BE INSURED UNDER TERMS OF THIS AGREEMENT. WE ASSUME WHITE'S LAWYER BASES HIS COMMENT THAT GOVERNMENT GUARANTEE UNAVAILABLE ON HIS UNDERSTANDING OF DISTINCTION GOI MAINTAINS BETWEEN INVESTMENT AND SERVICE CONTRACTS.

6. HOWEVER, IN DISCUSSIONS IN RECENT YEARS WITH MINECON ON SUBJECT OF INTERPRETATION OF AQOTU AGREEMENT AS IT RELATES TO OPIC, MINISTRY OFFICIAL SUGGESTED THAT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TEHRAN 02277 141338Z

APPLICATION BE MADE BY A CONTRACTOR OR SERVICE FIRM TO ENABLE MINISTRY'S LEGAL SECTION TO MAKE A DETERMINATION BASED ON AN ACTUAL CASE. (MINISTRY LAWYERS RELUCTANT TO MAKE A REULIING ON A GYPOTHETICAL BASIS.) TO OUR KNOWLEDGE, NO FIRM HAS PROCEEDED WITH SUCH AN APPLICATION TO DATE.

7. DIRGEN FOR FOREIGN CREDITS AT MEAF STATED IN CONVERSATIONS WITH ANOTHER EMBOFF THAT ALL APPLICATIONS FOR GOVERNMENT GUARANTEES ARE MONITORED THROUGH HIS OFFICE.

8. IN VIEW OF INFORMATION ABOVE, EMBASSY AFTER FURTHER DISCUSSION WITH WHITE REP IS SEEKING APPOINTMENT AT MEAF FOR WHITE TO DISCUSS POSSIBILITY OF MINISTRY ISSUING APPROPRIATE GUARANTEE.

9. EMBASSY WILL WORK CLOSELY WITH WHITE TO GET READING ON THIS QUESTION AND WILL KEEP DEPARTMENT INFORMED.

10. DEPARTMENT AND EXIM MAY WISH PASS SUBSTANCE TO
OPIC OFFICER BATCHELOR FOR BACKGROUND ON THIS ISSUE AND
TO REVIEW IF EXIM CREDIT INSURANCE IS MOST APPROPRIATE
MEDIUM FOR J.G. WHITE APPLICATION.
MIKLOS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, INSURANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN02277
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770087-0007
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770361/aaaacbtj.tel
Line Count: 121
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 27417bb8-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 42798
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3113616
Secure: OPEN
Status: NATIVE
Subject: FCIA CREDIT INSURANCE: J.G.WHITE/HOUSING ORGANIZATION OF GOVERNMENT OF IRAN
TAGS: BPRO, EFIN, IR
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/27417bb8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009